

TO: Director, FBI (60-4325)

9/1/54

FROM: SAC, Atlanta (60-149)

SUBJECT: NATIONAL LINEN SERVICE CORPORATION  
LINEN SERVICE INDUSTRY IN THE SOUTH  
ANTITRUST

Rebulet to Atlanta 7/14/54, bulet to Atlanta 8/24/54, and report of SA J. DOYLE WILLIAMS 8/15/54.

For the information of all offices, the Department has confidentially advised the Bureau of its intention of presenting this case to a Grand Jury at the earliest possible time. The Bureau has instructed that investigation set forth in this letter be assigned to experienced agents, afforded continuous and expeditious attention, and a report submitted within two weeks from the date of this letter.

For the information of offices not previously conducting investigation in this matter, a complaint was lodged with the Department of Justice on 1/20/53 by HARRY BELFOR, Atlanta, Georgia in which alleged violations of antitrust laws had in the past and were at that time being committed by National Linen Service Corporation, Atlanta, Georgia, its officers, some stockholders, and others. National Linen reportedly indulged in monopolistic practices in Georgia and elsewhere to prevent competition in the linen business by price fixing and/or price wars and by a conspiracy perpetrated by SIDNEY W. SOURS who controls National Linen's operations. BELFOR alleged that because National Linen has monopolized the linen service industry in the states it does business, it has increased any sum to charge for its services. National Linen allegedly increased charges regularly even though written contracts calling for specific charges were still in force.

JDW:km

- 1 Baltimore (AMSD)
- 1 Birmingham (60-156) (AMSD)
- 1 Charlotte (60-146) (AMSD)
- 1 Dallas (60-226) (AMSD)
- 1 Houston (60-113) (AMSD)
- 1 Knoxville (60-64) (AMSD)
- 1 Louisville (60-115) (AMSD)
- 1 Los Angeles (60-451) (AMSD)
- 1 Miami (60-432) (AMSD)
- 1 Mobile (60-43) (AMSD)
- 1 New Orleans (60-48) (AMSD)
- 1 Norfolk (AMSD)
- 1 Richmond (AMSD)
- 1 San Antonio (60-130) (AMSD)
- 1 San Francisco (60-485) (AMSD)
- 1 Savannah (AMSD)

RECORDED-41

INDEXED-41

EX-125

60-4325-156

10 SEP 2 1954

50 SEP 9 1954

EXP-PROC

dm

Investigation has been conducted throughout the country in states where National Linen's 42 plants operate, in accordance with Bureau instructions.

By letter to the Bureau dated 8/19/54, the Department requested that each of National Linen's 42 plant managers be contacted and the records of these plants be reviewed for information indicating possible free service, price cuts, discounts, rebates, gifts, or gratuities to customers to obtain or retain business. In addition, any notation on customer's account records or other plant record indicating free service has been designated for that customer should be noted. A review of contracts or agreements with customers as well as a perusal of driver's route books should be made for any evidence of free service, gifts, gratuities, or other inducements to retain customer's business.

The Department further specifically requested that files and records be searched for the purpose of obtaining documentary evidence relating to the following:

- (a) Whether the prices for linen service provided by each plant are higher in localities where National has no competition than in localities where National has competition; if so, show the comparative prices with respect to all such areas;
- (b) whether the prices in particular localities have been increased after competition had been eliminated through acquisition of competitors or otherwise; the prices charged after competition had been eliminated; and the prices charged where competition was again restored.
- (c) instructions by offices or employees of National to plant managers, routemen, salesmen or other employees as to policies to be followed and practices and tactics to be employed in competing with competitors, acquiring competitors, forcing competitors out of business, or otherwise eliminating competition;

- (d) reports by plant managers or other employees, correspondence or other communications, memoranda or records, reflecting policies, practices and tactics followed by the plants in competing with competitors or eliminating or obstructing competitors;
- (e) agreements or understandings with other linen service concerns with respect to allocation of customers;
- (f) price fixing or price maintenance agreements or understandings with other linen service concerns.

Each office will also obtain the following information:

- (a) The areas serviced by each of National Linen's plants, identifying each of the routes by route number or other description, and the cities and counties in each state served by each of the routes.
- (b) the names of each plant's competitors, if any, serving each of the areas encompassed by each route.

Agents should be alert in general for information pertaining to other possible violations of the antitrust laws.

In conducting file reviews, contacting agents should also be certain that files of the plant manager's secretary as well as his assistant manager and route manager be reviewed.

It will be noted that clearance by National Linen in Atlanta, Georgia will probably be requested by the plant managers before authorizing permission for agents to review plant records. For the further information of each office, available records to date in the Atlanta Linen Service plant, Atlanta, include the following:

- (a) Correspondence files, employee agreements (restrictive covenants), customer's agreements and contracts, driver's route books, miscellaneous price lists.

AT 60-149

It should be noted that billings to customers for all plants are handled from National Linen's headquarters in Atlanta. These statements are thereafter shipped to the individual plants for distribution by mail or route drivers.

Set forth hereinafter by office is the location of each of National Linen's plants:

Baltimore	Wilmington (Dela.) Linen Service
Birmingham	Birmingham Linen Service
Charlotte	Asheville Linen Service Charlotte Linen Service Greenville (S.C.) Linen Service Raleigh Linen Service Winston-Salem Linen Service
Dallas	Dallas Linen Service Ft. Worth Linen Service Long View Linen Service Lubbock Linen Service Wichita Falls Linen Service
Houston	Corpus Christi Linen Service Beaumont Linen Service Houston Linen Service
Knoxville	Chattanooga Linen Service Nashville Linen Service Knoxville Linen Service
Louisville	Louisville Linen Service
Los Angeles	City Linen Service
Miami	Daytona Linen Service Miami Linen Service Orlando Linen Service Tampa Linen Service West Palm Beach Linen Service

AT 60-149

Mobile

Mobile Linen Service  
Montgomery Linen Service  
Pensacola Linen Service

New Orleans

New Orleans Linen Service

Norfolk

Norfolk Linen Service

Richmond

Richmond Linen Service  
Roanoke Linen Service

San Antonio

Austin Linen Service  
San Antonio Linen Service

San Francisco

Galland Linen Service

Savannah

Columbia (S.C.) Linen Service  
Charleston Linen Service  
Savannah Linen Service

In addition to the above investigation, the Miami Office will reinterview STANLEY KRUSE, President of Reliable Linen Service, Inc., Miami, Florida. The report of SA VERNON C. COYNE at Chicago dated 5/6/54, a copy of which was designated for Miami, reflects that KRUSE stated that records at his plant in Miami might contain information which would refresh his memory as to dates, names, or other pertinent factors in specific cases concerning his company insofar as National Linen is concerned.